

City of Detroit

CITY COUNCIL

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TO: Amru Meah, Director
Buildings and Safety Engineering Department

FROM: Irvin Corley, Jr., Fiscal Analysis Director **ly.**

DATE: May 2, 2008

RE: 2008-2009 Budget Analysis

Attached is our budget analysis regarding your department's budget for the upcoming 2008-09 Fiscal Year.

Please be prepared to respond to the issues/questions raised in our analysis during your scheduled hearing on **Wednesday, May 7, 2008 at 1:00 p.m.** We would then appreciate a written response to the issues/questions at your earliest convenience subsequent to your budget hearing. Please forward a copy of your responses to the Councilmembers and the City Clerk's Office.

Please contact us if you have any questions regarding our budget analysis.

Thank you for your cooperation in this matter.

IC:ss

Attachment

cc: Councilmembers
Council Divisions
Auditor General's Office
Pamela Scales, Budget Department Director
Ron Chenault, Budget Department
Norman White, Chief Financial Officer-Mayor's Office
Kerwin Wimberly, Mayor's Office

Buildings and Safety Engineering (13)

FY 2008-09 Budget Analysis by the Fiscal Analysis Division

Summary

Buildings and Safety Engineering (BS&E) is a Enterprise Fund agency. The recommended 2008-09 Budget is \$35.5 million, which is a \$822,950 (2.36%) increase from the current year's budget. There is no Net Tax Cost for the department.

In accordance with PA 245 of 1999, BS&E is now set up as a special revenue fund in the city's Comprehensive Annual Financial Report (CAFR). The recommended budget reflects BS&E as an enterprise agency.

The department is recommended to receive a Block Grant appropriation of \$5.24 million, an increase of \$115,806 million for Demolition Administration.

2007-08 Surplus/(Deficit)

The Mayor anticipates an \$891,000 surplus for BS&E due to vacancies.

Overtime

The overtime budget for current year is \$143,482. As of March 31, 2008, the department has spent \$177,457 on overtime in 2005-06, which is (123.67%) of the current year's budget. The recommended FY 2008-09 overtime budget is \$129,500.

Personnel and Turnover Savings

The Mayor has recommended the addition of one (1) City position. The position was added in order to facilitate the collection of outstanding Department of Administrative Hearings blight inspection fines.

The department has no budgeted turnover savings in FY 2008-09.

Following is information by appropriation comparing budgeted FY 2007-08 positions, March 31, 2008 filled positions and FY 2008-09 recommended positions.

<u>Appropriation/Program</u>	<u>Redbook Positions FY 2007-08</u>	<u>Filled Positions 3/31/2008</u>	<u>Mayor's Budget Positions FY 2008-09</u>	<u>Over/(Under) Actual to 07/08 Budget</u>	<u>Mayor's Recommended Turnover</u>
Buildings & Safety Eng. (13):					
130310 Administration	16	12	17	(4)	\$ -
130312 Licenses & Permits	50	52	50	2	\$ -
130314 Plan Review	14	16	14	2	\$ -
10814 Administration & Licenses	80	80	81	0	\$ -
130340 Mechanical	67	63	59	(4)	\$ -
130345 Housing Inspections	35	63	35	28	\$ -
130346 Buildings	34	31	34	(3)	\$ -
130347 Zoning	4	2	4	(2)	\$ -
10815 Inspections	140	159	132	19	\$ -

10829 Demolition-B&SE	31	30	31	(1)	\$	-
11110 Property Maintenance Enforcement	79	15	87	(64)	\$	-
13XXXX Cost Center Not on File	0	0	0	0	\$	-
13XXXX Leave of Absence	0	0	0	0	\$	-
13XXXX Worker's Comp.	0	(5)	0	(5)	\$	-
13XXXX Unmatched Positions	<u>0</u>	<u>2</u>	<u>0</u>	<u>2</u>	<u>\$</u>	<u>-</u>
TOTAL	<u>330</u>	<u>281</u>	<u>331</u>	<u>(49)</u>	<u>\$</u>	<u>-</u>

Significant Funding by Appropriation

Appro. Program

10814	Administration & Licenses	Appropriation increases by \$506,024 in FY 2008-09. The increase is due primarily to the net increase of several accounts. Professional contractual services increases by \$1.12 million, a \$209,000 increase in salary & wages increase, a \$43,000 in employee benefits, which includes the cost of one (1) new position and a \$4,500 increase in capital equipment. The increase is offset by a \$593,000 decrease in operating service, a \$182,000 decrease in capital outlays a \$55,000 decrease in other expenses, and a \$42,000 decrease in operating supplies.
10815	Inspections	This appropriation decreases by \$583,335, due primarily to a decrease of \$756,304 in org. 13040 Mechanical, and. The decrease is offset by increases of \$120,066 in org. 130345 Housing/Inspections, \$47,012 in org. 130346 Buildings, and \$5,891 in org. 130347 Zoning.
11110	Prop. Maint. Enforcement	This appropriation increases by \$784,455 in FY 2008-09. The increase is due primarily to a \$623,089 increase in salaries-full time, and a \$259,242 increase in employee benefits. The increase is offset by a \$97,876 decrease in miscellaneous expenses.
10829	Demolition-Adm-BS&E	Appropriation increases slightly by \$115,805 due to various increases in several accounts. The increase reflects the small overall increase in Block Grant dollars anticipated for BS&E in the 2008-09 FY.

Significant Revenue Changes by Appropriation and Source

Appro. Program

10814	Administration & Licenses	This revenue appropriation increases by \$335,752. The increase is due primarily to an anticipated \$421,752 in Licenses and Permits revenue, offset by a \$86,000 reduction in anticipated Plan Revenue revenue.
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10815	Inspections	This revenue appropriation increases by \$551,000. The increase is due primarily to a \$374,000 increase in Housing/Inspections revenue, a \$157,000 increase in Mechanical revenue and \$20,000 increase in Zoning revenue.
11110	Prop. Maint.	This revenue appropriation decreases by \$179,608. The decrease is due to a \$333,000 decrease in Safety Inspection Charges, offset by a \$153,392 increase in Civil Infraction fines.
10829	Demolition	This revenue increases by \$115,806 in BS&E Block Grant dollars for FY 2008-09.

Buildings and Safety Engineering (13)

Budgeted Professional and <u>Contractual Services by Activity</u>	FY 2007-08 <u>Budget</u>	FY 2008-09 <u>Recommended</u>	Increase <u>(Decrease)</u>
Administration & Licenses	\$ 100,000	\$ 1,222,414	\$ 1,122,414
Inspection Services	\$ -	\$ -	\$ -
Demolition Administration	<u>2,783,508</u>	<u>2,772,043</u>	<u>(11,465)</u>
Total	<u>\$ 2,883,508</u>	<u>\$ 3,994,457</u>	<u>\$ 1,110,949</u>

Professional and Contractual Services increase by \$1.11 million (38.5%) for BS&E in the 2008-09 FY.

Questions and Issues

As of April 1, 2008, overall the department has 41 vacant positions, consequently, the same number of vacancies this time last year.

- What are the vacant positions and are they fully funded for the 2008-09 FY?
- Why weren't these vacancies filled in the current fiscal year or removed from the department's budget?
- Does the department plan to fill the vacancies? If yes, how soon?

The department has implemented the Tidemark system for much of its financial activity. How successful has the system performed in the following areas:

- Interfacing with the City's DRMS financial system
- Permit tracking
- Billing activity
- Account receivable collections

Page 13- 3- ADMINISTRATION, LICENSES AND PERMITS AND PLAN REVIEW

Planning for the Future For FY 2008-09, FY 2009-10 and Beyond

The Licenses and Permits Division plans to restructure the customer service counter area and to implement new processing procedures for issuing permits to expedite services.

- What costs are involved, if any, to implement this plan and what is the anticipated daily impact on the department's operation?
- What is the anticipated revenue impact of this project for the 2008-09 FY?

Page 13- 4- ADMINISTRATION, LICENSES AND PERMITS AND PLAN REVIEW

Efficiency: Measures	2005-06 Actual	2006-07 Actual	2007-08 Projection	2008-09 Target
Percentage of Fees collected	75%	75%	80%	80%

- For the chart above, are collections in this category on track for the current fiscal year's collections projection?
- Is 100% of fees collected a realistic goal for the future for the category above?

Page 13- 9 INSPECTION SERVICES FOR MECHANICAL/ELECTRICAL DIVISION MEASURES AND TARGETS –

Goals: Measures	2005-06 Actual	2006-07 Actual	2007-08 Projection	2008-09 Target
Plumbing cross connection inspection hours billed	1,174	1,489	3,080	5,280

- The '07- 08 projection and the '08-09 target listed above are anticipated to increase significantly. What is the department's rationale for such a significant increase for the two upcoming fiscal years?
- What is the projected impact on revenue?
- Why has the department spent \$177,500 on overtime through March 31st, already exceeding this year's overtime budget by \$34,000?
- Why does the department feel that organizationally it is more effective to transfer 8 FTEs from the Inspection's Division to the Property Maintenance Enforcement Division?
- Please describe increase of \$1.1 million in contractual services for 2008-09.

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